



# County of Los Angeles CHIEF EXECUTIVE OFFICE

Kenneth Hahn Hall of Administration  
500 West Temple Street, Room 713, Los Angeles, California 90012  
(213) 974-1101  
<http://ceo.lacounty.gov>

WILLIAM T FUJIOKA  
Chief Executive Officer

October 10, 2008

To: Supervisor Yvonne B. Burke, Chair  
Supervisor Gloria Molina  
Supervisor Zev Yaroslavsky  
Supervisor Don Knabe  
Supervisor Michael D. Antonovich

From: William T Fujioka  
Chief Executive Officer

Board of Supervisors  
GLORIA MOLINA  
First District

YVONNE B. BURKE  
Second District

ZEV YAROSLAVSKY  
Third District

DON KNABE  
Fourth District

MICHAEL D. ANTONOVICH  
Fifth District

## QUARTERLY REPORT ON COMMUNITY REDEVELOPMENT AGENCY (CRA) ACTIVITY (THIRD QUARTER 2008)

In response to the increased level of CRA activity in the County and this Office's augmented role in analyzing and scrutinizing these activities, we provided your Board with an initial "Quarterly Report on CRA Issues" on October 12, 2000. Attached is the latest Quarterly Report covering activities during the third quarter of the calendar year. As we indicated in our initial report to your Board, and consistent with the Board-approved policies and procedures, this Office works closely with the Auditor-Controller, County Counsel, and appropriate Board offices in: analyzing and negotiating proposals by redevelopment agencies to amend existing redevelopment agreements; reviewing proposed new projects for compliance with redevelopment law, particularly blight findings and determining appropriate County response; and ensuring appropriate administration of agreements and projects.

The attached report reflects a summary of the following activities during the quarter:

- Notifications provided to the Board regarding new projects;
- Board letters/actions; and
- Major ongoing issues and other matters, including litigation.

Please let me know if you have any questions, or your staff may contact Robert Moran at (213) 974-1130.

WTF:LS  
DSP:RTM:ib

Attachment

c: Auditor-Controller  
County Counsel

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*"To Enrich Lives Through Effective And Caring Service"*

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**COMMUNITY REDEVELOPMENT AGENCY (CRA) ISSUES**  
**Quarterly Report – Third Quarter 2008**

**New CRA Projects - Routine Notifications/Reports Provided to Board**

<b>CRA Projects</b>	<b>District</b>	<b>Type of Notification</b>	<b>Date</b>
City of Baldwin Park Amendment to the West Ramona, CBD, and Sierra Vista Projects.	1st	Notice of Preliminary Report	August 12, 2008

**Board Letters/Actions During Quarter**

<b>CRA Projects</b>	<b>District</b>	<b>Action</b>	<b>Date of Board Action</b>
City of Los Angeles Wilshire Center/ Koreatown Redevelopment Project	2nd	Subordination Resolution	August 5, 2008
City of Hawthorne Redevelopment Project No. 2	2nd	Amendment Adoption	September 16, 2008

**Major Ongoing or Emergent CRA Issues**

**Baldwin Park (First District)**

**Issue:** The City is contemplating changes to its Central Business District Redevelopment Project in order to allow for the development of a transit-oriented residential and retail project.

**Status:** The City released the Preliminary Report for the Project. Based on an analysis of the blight findings, this Office expressed concerns that the proposal did not meet the blight requirements consistent with Community Redevelopment Law. The City postponed the adoption of the amendment, and stated that it will remove residential properties from the proposal. This Office will analyze the revised proposal upon its submission.

**El Monte (First District)**

**Issue:** The City proposed changes to its Downtown Redevelopment Project in order to allow for the development of a transit-oriented project. The proposed changes include a ten-year extension of the Project and adjustments to the County pass-through share of tax increment in order to fund infrastructure improvements.

**Status:** The County informed the City that a contribution of County tax share would be in the form of a loan which would require repayment in the out years. Also, the County's real estate consultant will be required to review the developer's plans. The County's consultant is waiting for information requested of the City's developer.

### **City of Industry (First District)**

**Issue:** The City sponsored a bill (SB 1771) to extend its three redevelopment projects by 10 years. The reason given for extension was to support the provision of low-income housing. The extensions would have a very significant negative impact on the County's future share of tax increment.

**Status:** This Office, with the assistance of your Board and other officials, expressed our concern to Legislative representatives. At the bill's first hearing, the author withdrew the bill. The City is moving forward with its NFL Stadium project. This Office will monitor this process, especially as it regards any attempts by the City to extend its redevelopment projects in order to fund stadium-related infrastructure costs.

### **South El Monte (First District)**

**Issue:** The City proposed the County invest a portion of its share of tax increment to assist in financing a number of redevelopment projects.

**Status:** The County informed the City that a contribution of County tax share must be in the form of a loan which would require repayment in the out years. The City's most recent proposal did not provide sufficient future tax increment to ensure full repayment of the deferral. This Office will continue to work with the City.

### **South Gate (First District)**

**Issue:** The City is contemplating a new redevelopment project, and has asked this Office to review its initial proposal. The amount and value of the area proposed to be placed in redevelopment is very significant.

**Status:** Staff from this Office toured the proposed project area, and will review in detail the blight findings presented by the City, likely in 2008.

## **Litigation**

### **Glendora (Fifth District)**

**Issue:** The City adopted Project No. 5 on July 18, 2006. The Project would merge three of the City's existing redevelopment areas; increase the tax increment cap on one of the existing projects; establish a new redevelopment project; and reestablish the authority to use eminent domain in the existing project areas.

**Status:** The County filed a lawsuit objecting to the Project on the grounds that the proposed new Project Area No. 5 does not meet the blight requirements; Project No. 3 lacks significant remaining blight to justify an increase in the project cap; the Agency has not made a finding of public benefit required to merge the projects; and the evidence presented by the City was outdated and misleading. The decision by the Trial Court was in favor of the County. The City has filed an appeal and the County is preparing its response to the City's opening brief.

### **Los Angeles - City Center and Central Industrial (First and Second Districts)**

**Issue:** The Agency adopted the City Center Redevelopment Project on May 15, 2002, and the Central Industrial Project on November 15, 2002. Both projects included areas which were formerly in the existing Central Business District (CBD) Project, which reached its court-validated (Bernardi) project cap.

**Status:** Your Board authorized challenges to these projects, and trial court judgments were in favor of the County. Both judgments were appealed, and the Court of Appeal said that both projects were partially invalid, so far as they sought to divert property taxes from former CBD areas. The County agreed to a settlement that will affirm that the CRA will not receive tax increment from former CBD areas, but can receive tax increment from areas that were not formerly in CBD. The settlement agreement was accepted by the Court, and the Auditor-Controller released the tax increment being held in trust to the CRA and all taxing entities, including the County General Fund, in August.

### **Overall CRA Statistics**

Active CRA Projects	313
Pending CRA Projects	12